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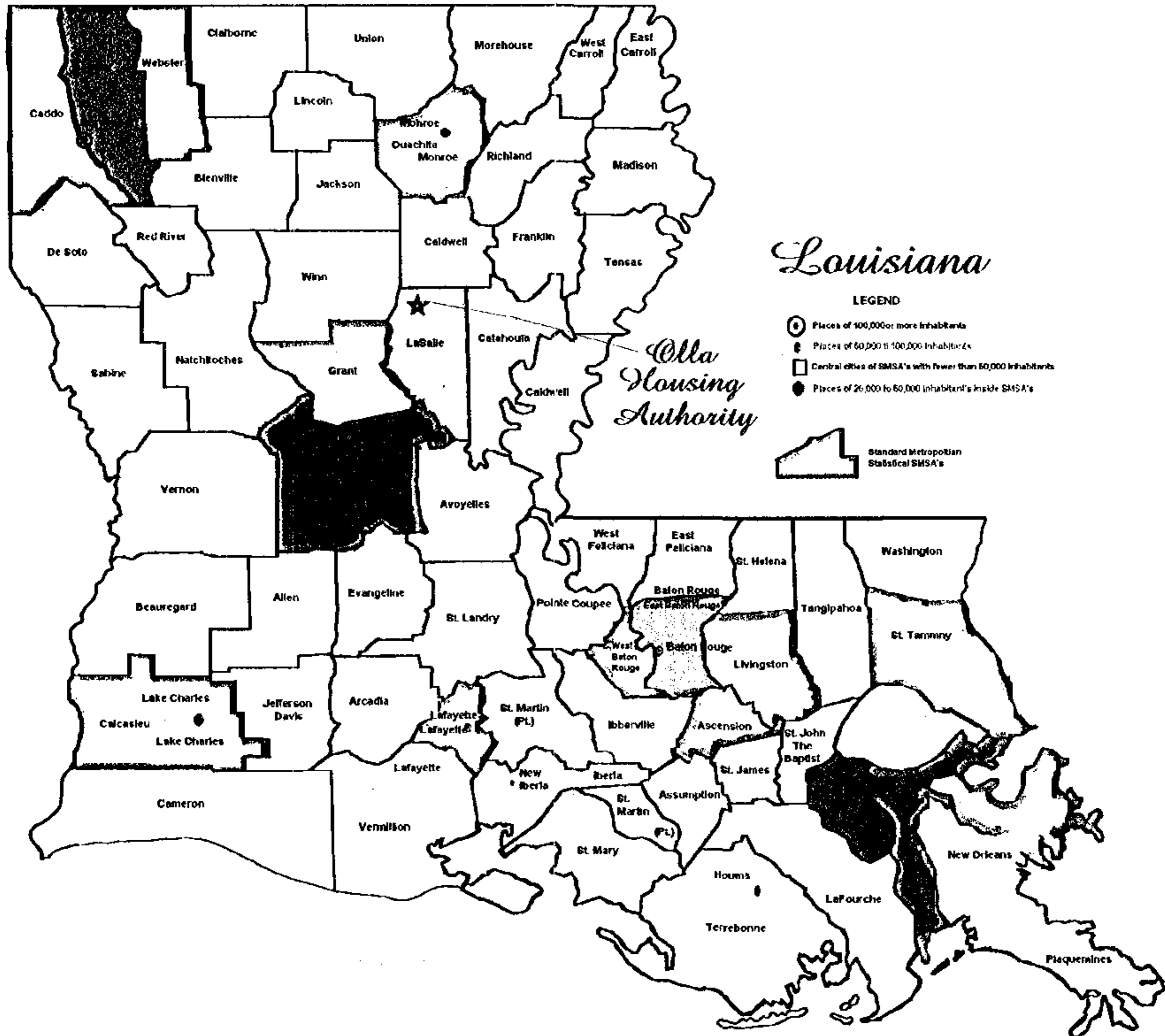
**HOUSING AUTHORITY OF
THE TOWN OF OLLA
OLLA, LOUISIANA**

*Report On Compiled
General Purpose Financial Statements
Twelve Months Ended June 30, 2002*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/13/02

HOUSING AUTHORITY OF THE TOWN OF OLLA OLLA, LOUISIANA



The Olla Housing Authority is chartered as a public corporation for the purpose of administering housing programs for low income families. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the Olla Housing Authority to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

**HOUSING AUTHORITY OF THE TOWN OF OLLA
OLLA, LOUISIANA**

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ACCOUNTANT'S COMPILATION REPORT ON GENERAL PURPOSE FINANCIAL STATEMENTS

Board of Commissioners
Housing Authority of the Town of Olla
1125 Washington St.
Bldg 108
Olla, LA 71465

I have compiled the general purpose financial statements, supplemental statements and graphs of the Housing Authority of the Town of Olla, as of and for the year ended June 30, 2002, as listed in the table of contents, in accordance with Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated September 4, 2002, on the results of our agreed-upon procedures.

September 4, 2002
Jena, Louisiana

John R. Vercher

JOHN R. VERCHER PC

Certified Public Accountant

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INDEPENDENT ACCOUNTANT'S REPORT **ON APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners
Housing Authority of the Town of Olla
1125 Washington St.
Bldg 108
Olla, LA 71465

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Housing Authority of the Town of Olla and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Housing Authority of the Town of Olla's compliance with certain laws and regulations during the year ended June 30, 2002 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

* My review of expenditures found no amounts for materials and supplies exceeding \$15,000 or public works exceeding \$100,000.00

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

* Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

* Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

* None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

MEMBER
-----AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS-----
SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

* Enterprise funds are not required by law to be budgeted.

6. Trace the budget adoption and amendments to the minute book.

* Not applicable.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

• Not applicable.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

* I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

* All of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

* Inspection of documentation supporting each of the six selected disbursements indicated approvals from the executive director and the chairman of the Board of Commissioners.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

* The Housing Authority posts its meetings.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

* I inspected all bank deposit entries in the books for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

* A reading of the minutes of the authority for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I did not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Housing Authority of the Town of Olla and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

John R. Vercher

Jena, Louisiana
September 4, 2002

HOUSING AUTHORITY OF THE TOWN OF OLLA
BALANCE SHEET -- ENTERPRISE FUND
June 30, 2002

FW-2200

ASSETS

Current Assets

Cash	\$ 4,319
Investments	167,261
Accounts Receivable -- Other	1,279
Prepaid Expenses	10,965

Total Current Assets	\$ 183,824

Fixed Assets

Land	\$ 41,300
Buildings	1,691,137
Leasehold Improvements	323,258
Construction in Progress	49,928

Total Fixed Assets	\$ 2,105,623
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Less: Accumulated Depreciation	(1,663,996)

Net Fixed Assets	\$ 441,627

TOTAL ASSETS	\$ 625,451

LIABILITIES

Current Liabilities

Tenants' Security Deposits	\$ 3,081
Accounts Payable	640
Accrued Pilot	6,879

Total Current Liabilities	\$ 10,600

Fund Equity

Net HUD Contributions	\$ 1,138,522

Total Contributed Capital	\$ 1,138,522
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Retained Earnings	\$ (523,671)

Total Equity	614,851

TOTAL LIABILITIES AND EQUITY	\$ 625,451

"See Accountant's Report"
The notes are an integral part of this statement.

HOUSING AUTHORITY OF THE TOWN OF OLLA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN RETAINED EARNINGS
Year Ended June 30, 2002

FW-2200

Operating Revenue	
Tenant Revenue	\$ 67,341
HUD Subsidy – Low Rent	84,739
Interest Income	3,920
Other Revenue	24,627
Total Operating Revenue	<u>\$ 180,627</u>
Operating Expenses	
Administrative Salaries	\$ 40,661
Travel	637
Accounting Fees	3,700
Auditing	1,118
Sundry	4,756
Water	4,422
Electricity	1,663
Gas	242
Other Miscellaneous	5,927
Labor	9,400
Materials	4,982
Contract Costs	5,867
Garbage	1,440
Insurance	15,002
Pilot	5,509
Employee Benefits	23,650
Depreciation	153,343
Total Operating Expenses	<u>\$ 282,319</u>
Net Operating Income	<u>\$ (101,692)</u>
Non-Operating Income (Expenses)	
2000 CFP Grant	\$ 30,218
2001 CFP Grant	16,942
Total Non-Operating Income (Expenses)	<u>\$ 47,160</u>
Net Income	<u>\$ (54,532)</u>
Add Back Depreciation Expense	153,343
RETAINED EARNINGS JUNE 30, 2001	<u>(622,482)</u>
RETAINED EARNINGS JUNE 30, 2002	<u>\$ (523,671)</u>
Net HUD Contributions June 30, 2001	\$ 1,291,865
Current Year Depreciation Expense	<u>(153,343)</u>
Net HUD Contributions June 30, 2002	<u>\$ 1,138,522</u>

"See Accountant's Report"
The notes are an integral part of this statement.

HOUSING AUTHORITY OF THE TOWN OF OLLA
STATEMENT OF CASH FLOWS
Year Ended June 30, 2002

FW-2200

Cash Derived From:	
Net Operating Income	\$ (101,692)
Adjustments to Net Income:	
Add Depreciation	\$ 153,343
(Increase) Decrease in Prepaid Expense	(3,047)
(Increase) Decrease in Receivables	425
Increase (Decrease) in Payables	3,145

Cash Flow From Operations	\$ 52,174
Cash From 2001 CFP Grant	30,218
Cash From 2000 CFP Grant	16,942

Total Cash Provided	\$ 99,334
Cash Provided To:	
Construction Projects	\$ 47,160
Investments	53,386
Security Deposits	11

Total	100,557

Net Cash Flow	\$ (1,223)
Cash Beginning Of Period	5,542

Cash End Of Period	\$ 4,319

"See Accountant's Report"
The notes are an integral part of this statement.

*Housing Authority of
the Town of Olla
Olla, Louisiana*

Notes to the Financial Statements

(1) SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Organization -

The entity is chartered as a public corporation for the purpose of administering housing programs for low income families.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

B. Financial Reporting -

1. Reporting entity. This report includes all funds and accounts which are controlled by the entity's governing body. Control was determined on the basis of budget adoption, authority to issue debt, authority to execute contracts and general oversight responsibility. The board is appointed by the Town of Olla, Louisiana and is considered a related organization to that body. However, the Olla Housing Authority is a legally separate entity and these financial statements contain only the financial activity of the entity.

2. Fund accounting. The accounts of the Olla PHA (Public Housing Authority) are organized on the basis of funds, each of which is considered a separate accounting entity. The fund is reported by generic fund type in the financial statements.

Enterprise Funds

The enterprise funds are used for activities which are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

3. Basis of accounting. Basis of accounting refers to the time at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made, regardless of the measurement focus applied.

Enterprise Funds

These funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred.

*Housing Authority of
the Town of Olla
Olla, Louisiana*

*Notes to the Financial Statements
(Continued)*

B. Summary of Significant Account Policies and Changes of Account Principle

1. **Change in Accounting Principle.** For the year ended June 30, 2002, the PHA has changed from the Government Funds Method to the Enterprise Method. This change was strongly recommended by the Real Estate Assessment Center (REAC) of The Department of Housing and Urban Development.

The Enterprise Funds Method accounts for operations in a manner similar to a private business. Under this method, all assets, including fixed assets, and all liabilities are in one fund, and one financial statement.

The Enterprise Fund recognizes revenues and expenses on the full accrual basis. Revenues are recognized when earned and become measurable. Expenses are recognized in the period incurred, if measurable. In the prior method used, the Governmental Funds Method, the modified accrual method was necessary.

Depreciation expense must be recognized for the Enterprise Fund. Under the Governmental Funds Method, depreciation was optional and the PHA elected not to recognize it.

REAC suggests that accumulated depreciation be charged to HUD Capital Contributions, not Retained Earnings. REAC directs that soft costs from development and modernization be deleted from fixed assets and charged to HUD Capital Contributions.

REAC also directs PHA's to delete outstanding debt owed to HUD, annual contributions and debt amortization funds receivable due from HUD, and close them to HUD Capital Contributions.

(2) RECEIVABLES

A summary of receivables by fund at June 30, 2002 are as follows:

	General Fund
Customer Accounts Receivable	<u>\$ 1,279</u>

The allowance for bad debts for are considered immaterial and are not presented.

(3) CASH AND INVESTMENTS

Deposits

It is the Authority's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Authority's deposits are categorized to give an indication of the level of risk assumed by the District at year-end. The categories are describes as follows:

*Housing Authority of
the Town of Olla
Olla, Louisiana*

**Notes to the Financial Statements
(Continued)**

(3) CASH AND INVESTMENTS – (CONT.)

- *Category 1* – Insured or collateralized with securities held by the District or by its agent in the Authority's name.
- *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
- *Category 3* – Uncollateralized.

	Book Balance 06/30/2002
Cash on Hand	\$ 50
Unreconciled Cash in Bank	171,580
Total Unreconciled Cash	\$ 171,630
Secured as Follows:	
FDIC (<i>Category – 1</i>)	\$ 100,000
FHLB Note (<i>Category 2</i>)	150,000
Total	\$ 250,000

(4) FIXED ASSETS

All fixed assets are stated at cost. Depreciation is computed using the straight-line method over a 10 year life. Changes in fixed assets are as follows:

	Beginning Of Period	Additions	Deletions	End of Period
Land & Land Improvements	\$ 364,558	\$ -0-	\$ -0-	\$ 364,558
Buildings	1,606,927	84,210	-0-	1,691,137
Construction in Progress	2,768	47,160	-0-	49,928
Total	\$ 1,974,253	131,370	-0-	\$ 2,105,623
Accumulated Depreciation	\$ 1,510,653	\$ 153,343	\$ -0-	\$ 1,663,996

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

*Housing Authority of
the Town of Olla
Olla, Louisiana*

*Notes to the Financial Statements
(Continued)*

(5) CONTINGENCIES

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries.

(6) COMMISSIONERS

<u>Name</u>	<u>Title</u>	<u>Salary</u>
Curtis C. Richardson	Chairman	\$ -0-
Cariece Duke	Commissioner	-0-
Michael Duke	Commissioner	-0-
Rachael Tatum	Commissioner	-0-
Marty Chapman	Commissioner	-0-

(7) LITIGATION

The Authority had no outstanding judgments or pending litigation as of June 30, 2002.

(8) RETIREMENT PLANS

The Authority provides a simplified employer pension (SEP) to its employees. The Authority pays 8% of the employee's salary into the fund each year. Total cost to the PHA for the year was \$3,252.

(9) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(10) ENCUMBRANCES

The Authority does not utilize encumbrance accounting.

(11) RETAINED EARNINGS DEFICIT

Retained earnings shows a deficit because of depreciation taken on that portion of fixed assets purchased with grant funds.

***Housing Authority of the Town of Olla
Olla, Louisiana***

***Management Letter Comments
For The Year Ended June 30, 2002***

There were no management letter comments.

***Housing Authority of the Town of Olla
Olla, Louisiana***

***Schedule Of Prior Year Findings
For The Year Ended June 30, 2002***

There were no prior year findings or management letter comments.

**HOUSING AUTHORITY OF THE TOWN OF OLLA
OLLA, LOUISIANA**

**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
June 30, 2002**

Annual Contributions Contract 2200

The Actual Modernization Costs are as follows:

	<u>Project 2000 CFP</u>	<u>Project 2001- CFP</u>	<u>Total</u>
Funds Approved	\$ 94,660	\$ 96,576	\$ 191,236
Funds Expended	<u>(19,710)</u>	<u>(30,218)</u>	<u>(49,928)</u>
Excess of Funds Approved	<u>\$ 74,950</u>	<u>\$ 66,358</u>	<u>\$ 141,308</u>
 Funds Advanced	 \$ 19,710	 \$ 30,218	 \$ 49,928
Funds Expended	<u>(19,710)</u>	<u>(30,218)</u>	<u>(49,928)</u>
Excess of Funds Advanced	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

"See Accountant's Report"
The notes are an integral part of this statement.

LOUISIANA ATTESTATION QUESTIONNAIRE

September 4, 2002

John R. Vercher (Auditor)

In connection with your compilation of our financial statements as of June 30, 2002] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of September 4, 2002 (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [x] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [x] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [x] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [x] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [x] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [x] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [x] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [x] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [**x**] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [**x**] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

x John C. Henderson Secretary _____ Date _____

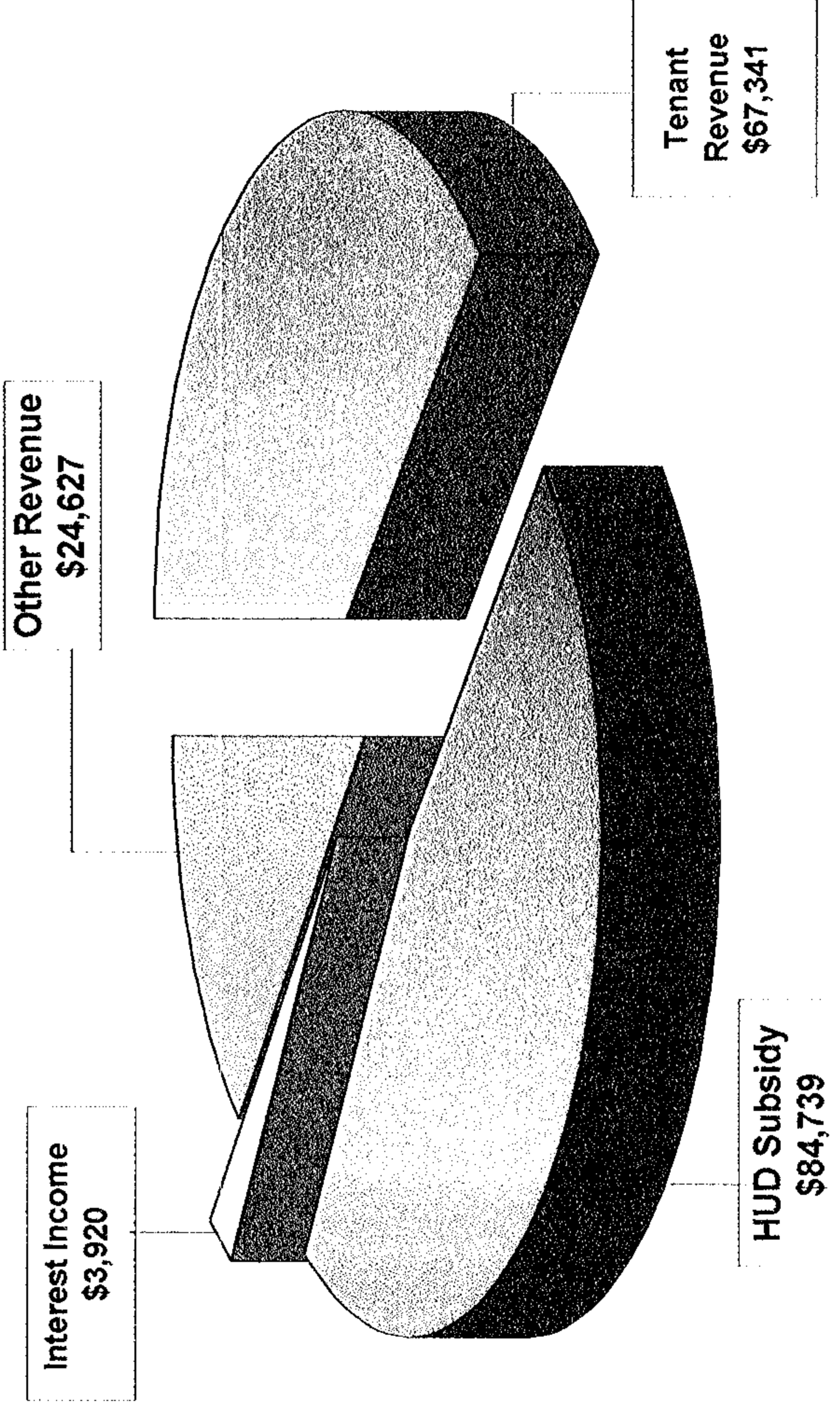
_____ Treasurer _____ Date

President _____ Date _____

Graphs

OLLA HOUSING AUTHORITY

OPERATING REVENUES JUNE 30, 2002



OLLA HOUSING AUTHORITY

OPERATING EXPENSES JUNE 30, 2002

